

News from Ed Markey

United States Congress

Massachusetts Seventh District

FOR IMMEDIATE RELEASE

October 25, 2002

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MARKEY: SEC CONFLICTS ARE BRINGING DOWN AGENCY AND INVESTOR CONFIDENCE IN ECONOMY

Washington, DC: Representative Edward J. Markey (D-MA), senior member of the House Energy and Commerce Committee and former Chairman of the Telecommunications and Finance Subcommittee, in reaction to the Securities and Exchange Commission's accounting board nominations, released this statement.

Rep. Markey, "The SEC used to stand for 'Securities and Exchange Commission.' Now it stands for 'Saddled with Egregious Conflicts.'"

"As the critical vote to appoint an accounting watchdog at the SEC comes down to the wire, it now appears that the accounting industry's campaign to block an independent overseer has succeeded. How did they do it? You might better ask, 'How could they fail?' In response to the most serious crisis of investor confidence in decades, Harvey Pitt has botched one of his most important responsibilities following the enactment of the corporate reform bill passed by Congress last summer: the selection of the independent accounting oversight board that was the centerpiece of legislation. Despite the fact that the bill passed the Senate by a vote of 99-0, despite the fact that the House approved the bill by a margin of 423-3, and despite the fact that Chairman Pitt pledged last month that the selection of the oversight board would receive Commissioners' unanimous support, the agency is now expected to split 3-2 along party lines against John Biggs, a well-respected candidate with the virtues of being independent of the accounting industry and fully-versed in the complexities of the auditing business."

"The three votes against Biggs will be cast by the three Republican commissioners, each of them with ties to the major accounting firms that will be subject to the board's oversight. Commissioner Glassman formerly worked for accounting giant Ernst & Young, and Paul Atkins served as a partner at PricewaterhouseCoopers. Chairman Pitt was the accounting industry's number-one lawyer, representing the American Institute of Certified Public Accountants and every major accounting firm, and continues to meet with his former clients, even when they remain the subject of on-going SEC inquiries, despite repeated promises to avoid even the appearance of conflicts of interests."

"This Commission-packing has had an inevitable result. The SEC, once thought as the most professional and nonpolitical regulatory agencies in government, is becoming a laughingstock, riddled with conflicts of interest and White House operatives. Chairman Harvey Pitt recently opined that "it would be unthinkable to deprive the people of my expertise," but based on what's going on at the SEC, it is becoming more thinkable every day. Investors have lost hundreds of billions of dollars in retirement savings and employment income because of the devastating coziness of the accounting industry and corporate America. The agency tasked to confront this crisis is run by a trio who can't represent the public interest because their conflicts are too deeply rooted. Under pressure from the accounting industry, the agency now is poised to appoint a board subject to further influence from the industry it is supposed to oversee. This is the reason the public does not support having agencies that must represent the public interest captured by operatives of the industries they regulate. Resurgence in investor confidence in the markets is the only way to produce economic recovery. But investor confidence in this SEC and Bush Administration will not be won with the likely collapse of the Biggs nomination."

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